



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Steve Heil, Chairperson
Village of Ayr
P.O. Box 31
Ayr, NE 68925

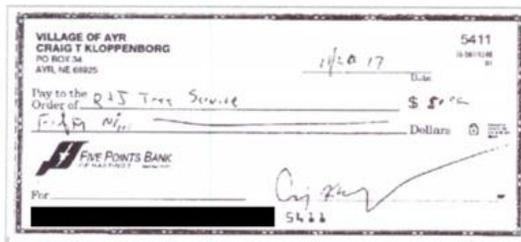
Dear Chairperson Heil:

As you know, the Nebraska Auditor of Public Accounts (APA) has approved the fiscal year 2018 audit waiver for the Village of Ayr (Village). However, while performing our review to determine whether to approve the audit waiver, the APA noted certain internal control or compliance matters, or other operational issues, within the Village. The following information is intended to improve internal controls or result in other operational efficiencies.

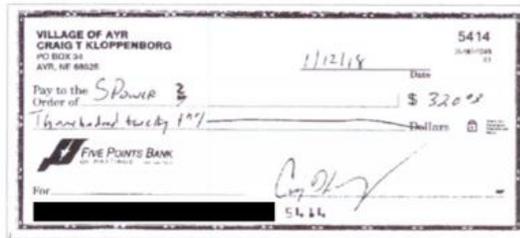
Comment and Recommendation

Dual Signatures Required on Checks

The APA obtained the bank statements for the Village's accounts from its fiscal year 2018 audit waiver request. From these statements, the APA noted that four Village checks, totaling \$758.39, written during the examination period contained only one signature. Examples of such checks are shown below:



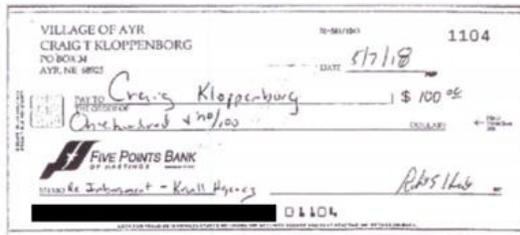
DDA Debits - 12/8/2017 - \$50.00 - 5411 -



DDA Debits - 1/10/2018 - \$320.00 - 5414 -



DDA Debits - 1/19/2018 - \$299.39 - 5415 -



DDA Debits - 7/2/2018 - \$100.00 - 1104 -

State statute requires Village checks to be signed by both the Village Board (Board) Chairperson and the Village Clerk. Specifically, Neb. Rev. Stat. § 17-711 (Cum. Supp. 2018) provides the following:

All warrants drawn upon the city treasurer of a city of the second class or village treasurer must be signed by the mayor or chairperson of the village board of trustees and countersigned by the city clerk or village clerk, stating the particular fund to which the same is chargeable, the person to whom payable, and for what particular object. No money shall be otherwise paid than upon such warrants so drawn. Each warrant shall specify the amount included in the adopted budget statement for such fund upon which it is drawn and the amount already expended of such fund.

Good internal control and sound accounting practices require procedures to ensure that Village checks contain the statutorily required endorsements.

Without such procedures, there is an increased risk of not only failure to comply with State statute but also the loss and/or misuse of Village funds.

We recommend the Board implement procedures to require dual signatures, from the Board Chairperson and the Village Clerk, on all Village checks, as required by law.

Village Response: The Village of Ayr's last meeting they addressed the issue of only having one signature on several checks. They now have 3 people that can sign a check and that should eliminate any problems in the future when one member is gone and bills need to be paid.

* * * * *

The preliminary planning work that resulted in this letter was designed primarily on a test basis and, therefore, may not bring to light all existing weaknesses in the Village's policies or procedures. Nevertheless, our objective is to use the knowledge gained during the performance of that preliminary planning work to make comments and suggestions that we hope will prove useful to the Village.

Draft copies of this letter were furnished to the Village to provide its management with an opportunity to review and to respond to the comment and recommendation contained herein. Any formal response received has been incorporated into this letter. Such response has been objectively evaluated and recognized, as appropriate, in the letter. A response indicating that corrective action has been taken was not verified at this time.

This communication is intended solely for the information and use of the Village and its management. It is not intended to be, and should not be, used by anyone other than those specified parties. However, this letter is a matter of public record, and its distribution is not limited.

If you have any questions regarding the above information, please contact our office.

Sincerely,



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Special Audits and Finance Manager
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cc: Craig Kloppenborg, Village Treasurer